

Schedule HM Instructions

General Information

Massachusetts General Laws, Chapter 63, section 38P provides for a credit against the corporate excise for certain harbor maintenance taxes paid to the U.S. Customs Service pursuant to IRC Sections 4461 and 4462. A corporation is eligible for the credit for harbor maintenance taxes paid on or after July 1, 1996, if the tax paid is attributable to the shipment of break-bulk or containerized cargo by sea- and ocean-going vessels through Massachusetts ports.

"Break-bulk cargo," shall mean general goods, commodities or wares which are customarily shipped in boxed, bagged, crated or unitized form, held in the vessel's general holding areas, and handled by the piece, unit or in separate lots; without limiting the generality of the foregoing definition of break-bulk cargo, that term shall include road motor vehicles and other odd-size cargo, but shall not include containerized cargo or bulk cargo.

"Bulk cargo," shall mean unsegregated mass commodities including, without limitation, items such as petroleum products, coal and bulk salt which are carried loose and which are custom-

arily loaded and unloaded by pumping, shoveling, scooping or other similar means.

"Containerized cargo," shall mean general goods, commodities or wares that are shipped in non-disposable, reusable, commercial sized shipping containers that are customarily used on sea- and ocean-going vessels for the convenient shipment of such goods, commodities or wares.

Taxes paid with respect to passengers, the shipment of bulk cargo or the shipment of any other cargo or item of commerce not included in the meaning of break-bulk or containerized cargo are not eligible for this credit.

The credit is not subject to the 50% limitations of MGL Ch. 63, sec. 32C, however, it may not reduce the corporate excise to less than the minimum excise of \$456. A taxpayer may carryover any excess credit to any of the next succeeding five taxable years.

Documentation must be provided by the taxpayer, upon request by the Department, that the taxpayer claiming the Credit has paid the Harbor Maintenance Tax. Such documentation may include, but is not limited to, U.S. Customs Form 349 and/or Customs Form 7501.